

TESTIMONY to the Insurance and Real Estate Committee
March 17, 2022

Re: Support for SB-416, An Act Promoting Competition in Contracts Between Health Carriers and Health Care Providers

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Thank you for this opportunity to share my support of SB-416, AN ACT PROMOTING COMPETITION IN CONTRACTS BETWEEN HEALTH CARRIERS AND HEALTH CARE PROVIDERS. My name is Haley Magnetta. I am testifying as a clinically practicing Emergency Medicine Physician Assistant (PA).

Insurance in Connecticut is expensive and getting worse every year. The consolidation of hospitals and providers into large health systems has stifled competition allowing prices to rise unchecked, has done nothing to improve quality, has reduced consumer choice, and eroded working conditions for providers, nurses, and other clinical staff.

As a provider who has worked in hospitals that have been consolidated, I want to share some of the experiences, commonly referred to as “growing pains,” hospital staff endure as a consequence of consolidation. First, there are some clinicians, nurses, and other support staff that quit when it was announced that our hospital was merging into a large system. They did not wish to endure the “growing pains” including increased mandatory company trainings, losing their previous work schedules (they may have had for years) altered because of new company policies, or having to accept changes to or worse health benefits. Unfortunately, those who leave are often employees who are well seasoned or have strong work ethics, because they know they can find another position relatively easily. This causes increased stress on an already taxed hospital system because new employees need to be hired and many work environments and relationships are disrupted. Policies in critical areas such as quality improvement and community engagement, that were developed over time and working well, are also disrupted forcing the system to start over.

Additionally, increased consolidation leads to harm in the labor market. Right now, there is a great nursing shortage in Connecticut and the rest of the country. Hospital staff such as nurses and providers have been under tremendous pressure to care for patients during the pandemic. Unfortunately, hospital mergers often lead to poorer wages and erosion of benefits because competition between hospital systems is eliminated. When there is loss of competition within the labor market, hospitals lose talent *and* cannot attract talent. This was supported recently when The Federal Trade Commission

intervened in a Rhode Island merger, citing the labor concerns mentioned above which resulted in the hospitals abandoning the proposed merger.

From personal experience, I have witnessed many great nurses leave my department because of consolidation to seek travel positions or even permanent positions out of state. Moreover, I have also witnessed providers who have trained within Connecticut's highly respected universities, choose to leave Connecticut to practice in a state that is less consolidated and thereby offers a better variety of job opportunities as well better compensation/benefits. As a provider, I am fearful this will continue and result in some of our strongest clinicians leaving Connecticut, allowing providers and patients alike to watch the quality of care decline.

As for patients, many become disheartened after a hospital is swallowed by a big system. Patients who are used to receiving care in smaller community hospitals become wary of mergers because they experience higher costs of care and feel their choice to receive care in a community setting has been removed. While the location of a hospital within the community does not change, after consolidation, the culture within that hospital does. Patients feel and recognize this and often express this to me in practice. Other times, patients have had a bad experience themselves or with a family member within a particular healthcare system. These experiences, not uncommonly, cause patients to refuse to receive care from the same healthcare system. When there is much consolidation, patients may not have another option to receive care from a different organization they feel comfortable with. I have witnessed this unfortunately result in patients refusing care and subsequently having a poor outcome or delay seeking care for a disease that could have been prevented.

There is overwhelming evidence that provider consolidation drives up prices for healthcare without improving quality. A legislative forum last September included experts on the impact of consolidation and other concerns. According to Katherine Gudicksen of The Source on Healthcare Price and Competition at UC Hastings Law, studies have found that hospital mergers increase prices by 20 to 44%, reduce wage growth for nurses, and have little or negative impact on quality. Mergers of hospitals with other entities raise physician prices by 14% and raise clinic prices by 32 to 47%, with minimal or no impact on quality.

The higher costs caused by consolidation are then passed onto consumers in higher premiums, lost wages, higher taxes, and more cost sharing. In addition, mergers limit consumer choice of providers and payers' levers to choose better quality for their members.

It's not sustainable for Connecticut healthcare prices to continue rising. It is crowding out other critical needs such as housing, education, and mental healthcare for families, businesses, and government. The impact of these costs falls hardest on Black and brown communities, seniors, people with chronic conditions, and those with mental illness.

Other states, including our neighbor Massachusetts, have taken action to level the playing field by prohibiting anti-competitive health system contracts, and it's working.

Connecticut needs to pass SB-416 to lower healthcare prices, improve quality, and protect workers.
Thank you for your time and your support of quality, affordable healthcare for every state resident.

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